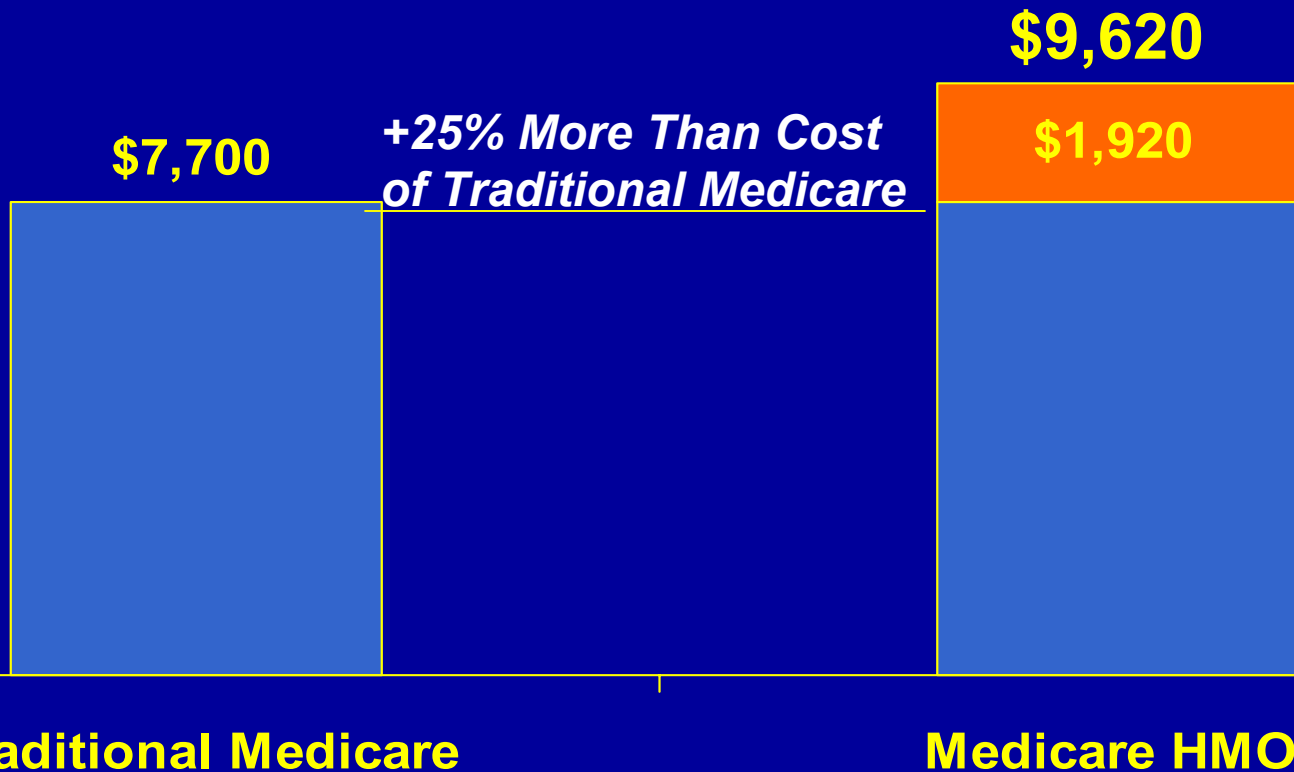


Conf. Agmt. Overpays Managed Care Plans By \$1,920 Per Beneficiary in 2006

25% Increase, Including 19% Existing Overpayment

Average Spending Per Medicare Beneficiary, 2006

Not Counting New Drug Subsidy and PPO \$12 Billion Slush Fund



Source: CMS 2004 AAPC inflated to 2006 using CBO estimated traditional Medicare cost growth. Estimate of increases in Payment rates relative to traditional Medicare from preliminary Medicare Payment Advisory Commission estimates

Prepared by the Democratic Staff of the Energy and Commerce and Ways and Means Committees, November 20, 2003